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R. J. Reynolds Tobacco Company

WINSTON-SALEM, N. C.

FINANCIAL STATEMENT

DECEMBER 31, 1935.

MRS
CORP. FILE

Wirston-Salem, N. C., January 11, 1936.

To the Stockholders of

R. J. REYNOLDS TOBACCO COMPANY:—

The Financial Report of your Company, at the close of business December 31, 1935, is hereby submitted.

Net Profit from operations for the year 1935, after deducting all charges and expenses of management, advertising, etc.	$29,408,650.41	
ADD		
Interest and Dividends on investments, and miscellaneous income, net	1,118,227.82	$30,526,878.23
LESS		
Allowance for Depreciation, Obsolescence, etc.	933,174.16	
Federal and State Income Taxes	5,697,306.35	6,630,480.51
NET EARNINGS FOR YEAR		23,896,397.72
ADD		
Undivided Profits December 31, 1934		48,598,756.88
		72,495,154.60
DEDUCT		
Four quarterly dividends of seventy-five cents each per share		30,000,000.00
Total Undivided Profits December 31, 1935		$42,495,154.60

FINANCIAL STATEMENT
DECEMBER 31, 1935.

ASSETS

CURRENT			
Cash		$ 9,211,646.00	
U. S. Gov't Securities due 1938-1939		10,038,675.23	
Accounts Receivable (net) for merchandise sold		9,015,698.64	
Leaf Tobacco, Supplies, Manufactured Product		98,655,894.18	$126,921,914.05
OTHER ASSETS			
Real Estate, Buildings, Machinery, Fixtures		27,016,456.55	
Deduct Depreciation, Obsolescence, etc.	$12,208,999.81		
Less fully depreciated property written off during year, etc.	749,157.10	11,459,842.71	
		15,556,613.84	
Investments in Non-Competitive Companies, etc.		319,547.21	
Bills and Notes Receivable		36,503.04	
Other Accounts Receivable		544,669.16	
Brands, Trade-Marks, Good Will		1.00	
Prepaid Expenses		405,406.31	
Retirement & Insurance Investment Fund*		10,120,000.00	26,982,740.56
			$153,904,654.61

*Consisting of 200,000 shares of the Common Stock of the Company.

LIABILITIES

CURRENT		
Accounts Payable	$ 2,716,679.33	
Accrued Taxes and other Accrued Accounts	6,353,346.18	$ 9,070,025.51
RESERVES		
Contingencies and Retirement & Insurance Investment Fund		2,339,474.50
CAPITAL ACCOUNT		
Common Stock	10,000,000.00	
New Class B Common Stock	90,000,000.00	
Undivided Profits (after deduction of dividends payable January 2, 1936)	42,495,154.60	142,495,154.60
		$153,904,654.61

R. D. SHORE, Treasurer.

R. J. REYNOLDS TOBACCO COMPANY:

We have made an examination of the financial statement of R. J. REYNOLDS TOBACCO COMPANY, WINSTON-SALEM, N. C., as at December 31, 1935, and of the income and undivided profits account for the year ended at that date. In connection therewith we examined or tested accounting records of the Company and other supporting evidence, and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

Inventories of Leaf Tobacco, Supplies and Manufactured Product are valued at cost as in former years. The investments, including Government Securities, are carried at not above cost or market, whichever is lower.

In our opinion, based upon our examination, the accompanying financial statement and related income and undivided profits account, fairly present the financial position of the Company at December 31, 1935, and the results of operations for the year then ended. Further, it is our opinion that the statements have been prepared in accordance with accepted accounting principles consistently maintained by the Company during the year under review.

ERNST & ERNST,
Certified Public Accountants.